BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Stipulated Settlement Regarding the Rates of Minnegasco, Inc., Pursuant to Minn. Rules, Parts 7827.0100 to 7827.0600, Relating to Rate Adjustments Due to the Tax Reform Act of 1986

ISSUE DATE: December 7, 1987

DOCKET NO. G-008/M-87-434

ORDER AFTER COMPLIANCE FILING

PROCEDURAL HISTORY

On September 23, 1987, the Minnesota Public Utilities Commission (the Commission) issued its Order Approving Stipulation in this docket relating to rate adjustments due to the Tax Reform Act of 1986 (the TRA). Order Paragraph No. 2 required Minnegasco, Inc. (Minnegasco or the Company) to file revised tariff sheets reflecting a reduction in all standard tariffed rates of $.00195 per hundred cubic feet of gas (Ccf).

On November 2, 1987, Minnegasco filed its revised tariff sheets as directed in the Commission's September 23, 1987 Order. However, Minnegasco included a request that the monthly customer charge for the large and small volume firm customers not be reduced.

On November 5, 1987, the Commission invited comments on Minnegasco's filing. No comments were received.

On November 20, 1987, in response to a Commission inquiry, Minnegasco supplied a letter and computations supporting an alternative rate reduction for the firm classes.

FINDINGS AND CONCLUSIONS

The Commission must decide whether to allow Minnegasco to retain the existing monthly customer charge for the large and small volume firm classes.

Minnegasco stated that if it were to reduce all standard tariffed rates by $.00195 per Ccf, it would also be necessary to reduce the monthly customer charge for the firm classes from $3.00 to $2.99.

Minnegasco explained that this results because the $3.00 monthly customer charge includes three Ccf of gas. As a result, the Company requested that it be allowed to reduce commodity rates by $.00195 per Ccf while making no adjustment to the monthly customer charge for the Ccfs included. This proposal would allow Minnegasco to retain $31,600 of TRA benefits annually.

Minnegasco implemented its proposal effective November 1, 1987, stating that it would make the amounts collected as a result of the unadjusted monthly customer charge subject to refund, if so ordered by the Commission.

The Commission recognizes that to make such a small adjustment to the monthly customer charges for the firm classes is likely to cause customer confusion and administrative burdens. However, the Commission also recognizes that when it ordered Minnegasco to reduce all standard tariffed rates by $.00195 per Ccf, the Commission did so to implement a stipulation agreed to by Minnegasco.

The Commission finds that the Company should have been aware of the effects on the firm classes when the Company entered the stipulation. The original stipulation led the Commission to expect that the $.00195 per Ccf rate reduction would accomplish the proper adjustment to rightfully flow the benefits of the TRA to customers. Now, Minnegasco raises a new issue outside of the stipulation which, if accepted by the Commission, would allow Minnegasco to retain approximately $31,600 annually which it earlier agreed it was not entitled to.

As stated in the September 23, 1987 Order Approving Stipulation, the Commission finds that it is necessary to pass the TRA benefits to the ratepayers in a fair, timely, and efficient manner. To require a small change in the monthly firm customer charge would cause customer confusion and administrative burdens, contrary to the Commission's concerns for efficiency. However, to allow Minnegasco to retain the funds which it already has agreed should be passed through in a rate reduction would be contrary to the Commission's concerns for fairness and timeliness.

Therefore, the Commission will require that Minnegasco reduce commodity rates for the firm classes by $.00004 per Ccf in addition to the $.00195 per Ccf reduction implemented November 1, 1987. The $.00195 per Ccf reduction for the non-firm classes implemented on November 1, 1987 would be unchanged. The additional reduction in firm rates will pass through the appropriate TRA benefits for the three Ccf included in the monthly customer charge without a reduction in the monthly firm customer charge. Since the Company has already started its refund calculations for the period of July 1, 1987 to November 1, 1987, the Commission will not require a specific refund of the excess amount collected from the firm class for the month of November, 1987. The Commission finds that the administrative costs of making the estimated refund of $2,600 would far exceed the benefits. However, the Commission will require Minnegasco to include this amount in an undistributed refund account where it will be held for later distribution, together with interest, with the next supplier refund.

ORDER

1. Minnegasco's request to retain the existing monthly customer charge for the firm class is approved. Minnegasco's request to retain the approximately $31,600 of TRA benefits is denied.

2. Minnegasco shall reduce commodity rates for the firm classes an additional $.00004 per Ccf, for a total reduction due to the TRA of $.00199 per Ccf, effective December 1, 1987. Commodity rates for the non-firm classes shall continue to reflect the $.00195 per Ccf reduction due to the TRA implemented on November 1, 1987. Minnegasco shall file revised tariff sheets reflecting these changes within 30 days of the issue date of this Order.

3. The excess amount collected from the firm classes in the month of November, 1987, shall be held in an undistributed refund account until distributed, with interest at the average prime rate, with the next supplier refund.

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

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